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Calendar No. 333

91st CONGRESS
1st Session

S. 2754

[Report No. 91-339]

IN THE SENATE OF THE UNITED STATES

AUGUST 1 (legislative day, JULY 30), 1969

Mr. McGEE (for himself, Mr. BOGGS, Mr. BURDICK, Mr. FANNIN, Mr. FONG, Mr. HOLLINGS, Mr. MOSS, Mr. RANDOLPH, Mr. STEVENS, and Mr. YARBOROUGH) introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

AUGUST 1 (legislative day, JULY 30), 1969

Reported by Mr. McGEE, without amendment

A BILL

To amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Civil Service Retirement
4 Amendments of 1969".

5 **TITLE I—CIVIL SERVICE RETIREMENT**

6 **FINANCING**

7 SEC. 101. Section 8331 of title 5, United States Code,
8 is amended—

- 9 (1) by striking out "and" at the end of paragraph
10 (15);

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1 (2) by striking out the period at the end of para-
2 graph (16) and inserting a semicolon in lieu thereof;
3 and

4 (3) by adding immediately below paragraph (16)
5 the following new paragraphs:

6 “(17) ‘normal cost’ means the entry-age normal
7 cost computed by the Civil Service Commission in ac-
8 cordance with generally accepted actuarial practice and
9 expressed as a level percentage of aggregate basic pay;

10 “(18) ‘Fund balance’ means the sum of—

11 “(A) the investments of the Fund calculated
12 at par value; and

13 “(B) the cash balance of the Fund on the
14 books of the Treasury; and

15 “(19) ‘unfunded liability’ means the estimated ex-
16 cess of the present value of all benefits payable from
17 the Fund to employees and Members, and former em-
18 ployees and Members, subject to this subchapter, and to
19 their survivors, over the sum of—

20 “(A) the present value of deductions to be
21 withheld from the future basic pay of employees
22 and Members currently subject to this subchapter
23 and of future agency contributions to be made in
24 their behalf; plus

25 “(B) the present value of Government pay-

1 ments to the Fund under section 8348 (f) of this
2 title; plus

3 “(C) the Fund balance as of the date the un-
4 funded liability is determined.”.

5 SEC. 102. (a) Section 8334 of title 5, United States
6 Code, is amended—

7 (1) by amending subsection (a) to read as follows:

8 “(a) (1) The employing agency shall deduct and with-
9 hold 7 percent of the basic pay of an employee, $7\frac{1}{2}$ percent
10 of the basic pay of a Congressional employee, and 8 percent
11 of the basic pay of a Member. An equal amount shall be con-
12 tributed from the appropriation or fund used to pay the em-
13 ployee or, in the case of an elected official, from an appro-
14 priation or fund available for payment of other salaries of the
15 same office or establishment. When an employee in the
16 legislative branch is paid by the Clerk of the House of Rep-
17 resentatives, the Clerk may pay from the contingent fund of
18 the House the contribution that otherwise would be con-
19 tributed from the appropriation or fund used to pay the
20 employee.

21 “(2) The amounts so deducted and withheld, together
22 with the amounts so contributed, shall be deposited in the
23 Treasury of the United States to the credit of the Fund under
24 such procedures as the Comptroller General of the United

1 States may prescribe. Deposits made by an employee or
 2 Member also shall be credited to the Fund.”; and

3 (2) by amending subsection (c) to read as follows:

4 “(c) Each employee or Member credited with civilian
 5 service after July 31, 1920, for which retirement deduc-
 6 tions or deposits have not been made, may deposit with
 7 interest an amount equal to the following percentages of
 8 his basic pay received for that service:

	“Percentage of basic pay	Service period
Employee---	2½-----	August 1, 1920, to June 30, 1926.
	3½-----	July 1, 1926, to June 30, 1942.
	5-----	July 1, 1942, to June 30, 1948.
	6-----	July 1, 1948, to October 31, 1956.
	6½-----	November 1, 1956, to December 31, 1969.
	7-----	After December 31, 1969.
Member or employee for Congressional employee		
service----	2½-----	August 1, 1920, to June 30, 1926.
	3½-----	July 1, 1926, to June 30, 1942.
	5-----	July 1, 1942, to June 30, 1948.
	6-----	July 1, 1948, to October 31, 1956.
	6½-----	November 1, 1956, to December 31, 1969.
	7½-----	After December 31, 1969.
Member for Member		
service----	2½-----	August 1, 1920, to June 30, 1926.
	3½-----	July 1, 1926, to June 30, 1942.
	5-----	July 1, 1942, to August 1, 1946.
	6-----	August 2, 1946, to October 31, 1956.
	7½-----	November 1, 1956, to December 31, 1969.
	8-----	After December 31, 1969.

9 Notwithstanding the foregoing provisions of this subsec-
 10 tion, the deposit with respect to a period of service re-
 11 ferred to in section 8332 (b) (6) of this title performed
 12 before January 1, 1969, shall be an amount equal to 55

1 percent of a deposit computed in accordance with such
2 provisions.”.

3 (b) The amendment made by subsection (a) (1) of
4 this section shall become effective at the beginning of the
5 first applicable pay period beginning after December 31,
6 1969.

7 SEC. 103. (a) Section 8348 of title 5, United States
8 Code, is amended—

9 (1) by amending subsection (a) to read as
10 follows:

11 “(a) There is a Civil Service Retirement and Disability
12 Fund. The Fund—

13 “(1) is appropriated for the payment of—

14 “(A) benefits as provided by this subchapter;
15 and

16 “(B) administrative expenses incurred by the
17 Civil Service Commission in placing in effect each
18 annuity adjustment granted under section 8340 of
19 this title; and

20 “(2) is made available, subject to such annual limi-
21 tation as the Congress may prescribe, for any expenses
22 incurred by the Commission in connection with the ad-
23 ministration of this chapter and other retirement and
24 annuity statutes.”; and

1 (2) by striking out subsections (f) and (g) and
2 inserting in lieu thereof:

3 “(f) Any statute which authorizes—

4 “(1) new or liberalized benefits payable from the
5 Fund, including annuity increases other than under sec-
6 tion 8340 of this title;

7 “(2) extension of the coverage of this subchapter
8 to new groups of employees; or

9 “(3) increases in pay on which benefits are com-
10 puted;

11 is deemed to authorize appropriations to the Fund to fi-
12 nance the unfunded liability created by that statute, in
13 30 equal annual installments with interest computed at
14 the rate used in the then most recent valuation of the Civil
15 Service Retirement System and with the first payment
16 thereof due as of the end of the fiscal year in which each
17 new or liberalized benefit, extension of coverage, or increase
18 in pay is effective.

19 “(g) At the end of each fiscal year, the Commission
20 shall notify the Secretary of the Treasury of the amount
21 equivalent to (1) interest on the unfunded liability com-
22 puted for that year at the interest rate used in the then most
23 recent valuation of the System, and (2) that portion of
24 disbursement for annuities for that year which the Commis-
25 sion estimates is attributable to credit allowed for military

1 service. Before closing the accounts for each fiscal year, the
2 Secretary shall credit to the Fund, as a Government con-
3 tribution, out of any money in the Treasury of the United
4 States not otherwise appropriated, the following percentages
5 of such amounts: 10 percent for 1971; 20 percent for 1972;
6 30 percent for 1973; 40 percent for 1974; 50 percent for
7 1975; 60 percent for 1976; 70 percent for 1977; 80
8 percent for 1978; 90 percent for 1979; and 100 percent
9 for 1980 and for each fiscal year thereafter. The Commission
10 shall report to the President and to the Congress the sums
11 credited to the Fund under this subsection.”.

12 (b) (1) The provisions of subsection (g) of section
13 8348 of title 5, United States Code, as contained in the
14 amendment made by subsection (a) (2) of this section, shall
15 become effective at the beginning of the fiscal year which
16 ends on June 30, 1971.

17 (2) Paragraph (1) of this subsection shall not be held
18 or considered to continue in effect after the enactment of
19 this Act the provisions of section 8348 (g) of title 5, United
20 States Code, as in effect immediately prior to such enactment.

21 SEC. 104. Section 1308 (c) of title 5, United States
22 Code, is amended by striking out “on a normal cost plus
23 interest basis”.

24 SEC. 105. The proviso under the heading “CIVIL
25 SERVICE COMMISSION” and under the subheading

1 "PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABIL-
2 ITY FUND" in title I of the Independent Offices Appropria-
3 tion Act, 1962 (75 Stat. 345; Public Law 87-141), is
4 repealed.

5 TITLE II—CIVIL SERVICE RETIREMENT
6 BENEFITS

7 SEC. 201. Paragraph (4) (A) of section 8331 of title
8 5, United States Code, is amended to read as follows:

9 "(A) over any 3 consecutive years of creditable service
10 or, in the case of an annuity under subsection (d) or (e) (1)
11 of section 8341 of this title based on service of less than
12 3 years, over the period of service; or".

13 SEC. 202. Subsection (g) of section 8334 of title 5,
14 United States Code, is amended—

15 (1) by striking out the word "or" at the end of
16 paragraph (3) ;

17 (2) by striking out the period at the end of para-
18 graph (4) and inserting in lieu thereof a semicolon and
19 the word "or"; and

20 (3) by adding the following new paragraph im-
21 mediately below paragraph (4) :

22 "(5) days of unused sick leave credited under sec-
23 tion 8339 (m) of this title.".

24 SEC. 203. Section 8339 of title 5, United States Code,
25 is amended—

1 (1) by striking out of subsection (b) the words
2 “so much of his service as a Congressional employee and
3 his military service as does not exceed a total of 15
4 years” and inserting in lieu thereof “his service as a Con-
5 gressional employee, his military service not exceeding
6 5 years,”;

7 (2) by amending subsection (c) (2) to read as
8 follows:

9 “(2) his Congressional employee service;”;

10 (3) by striking out the last full sentence of sub-
11 section (f) ;

12 (4) by striking out “(excluding any increase be-
13 cause of retirement under section 8337 of this title)” in
14 subsection (i) ; and

15 (5) by adding at the end thereof the following new
16 subsection:

17 “(m) In computing any annuity under subsections
18 (a) - (d) of this section, the total service of an employee
19 who retires on an immediate annuity or dies leaving a sur-
20 vivor or survivors entitled to annuity includes, without regard
21 to the limitations imposed by subsection (e) of this section,
22 the days of unused sick leave to his credit under a formal
23 leave system, except that these days will not be counted in
24 determining average pay or annuity eligibility under this
25 subchapter.”.

1 SEC. 204. (a) Subsection (b) of section 8340 of title 5,
2 United States Code, is amended by inserting "1 percent
3 plus" immediately after the word "by".

4 (b) Subsection (c) (2) of such section is amended to
5 read as follows:

6 “(2) For the purpose of computing the annuity of a
7 child under section 8341 (e) of this title that commences on
8 or after the first day of the first month that begins on or after
9 the date of enactment of the Civil Service Retirement
10 Amendments of 1969, the items \$900, \$1,080, \$2,700, and
11 \$3,240 appearing in section 8341 (e) of this title shall be
12 increased by the total percent increases allowed and in force
13 under this section on or after such day and, in case of a de-
14 ceased annuitant, the items 60 percent and 75 percent ap-
15 pearing in section 8341 (e) of this title shall be increased
16 by the total percent allowed and in force to the annuitant
17 under this section on or after such day.”

18 SEC. 205. The provisions of subsections (b) (1),
19 (d) (3), and (g) of section 8341 of title 5, United States
20 Code, also shall apply in the case of any widow or widower—

21 (1) of an employee who died, retired, or was
22 otherwise finally separated before July 18, 1966;

23 (2) who shall have remarried on or after such
24 date; and

25 (3) who, immediately before such remarriage, was

1 receiving annuity from the Civil Service Retirement
2 and Disability Fund;
3 except that no annuity shall be paid by reason of this
4 section for any period prior to the enactment of this sec-
5 tion. No annuity shall be terminated solely by reason of
6 the enactment of this section. Notwithstanding the prohibition
7 contained in the first sentence of this section on the payment
8 of annuity for any period prior to the enactment of this sec-
9 tion, in any case in which the Civil Service Commission
10 determines that—

11 (1) the remarriage of any widow or widower de-
12 scribed in such sentence was entered into by the widow
13 or widower in good faith and in reliance on erroneous
14 information provided by Government authority prior to
15 that remarriage that the then existing survivor annuity
16 of the widow or widower would not be terminated be-
17 cause of the remarriage; and

18 (2) such annuity was terminated by law because of
19 that remarriage;

20 then payment of annuity may be made by reason of this sec-
21 tion in such case, beginning as of the effective date of the
22 termination because of the remarriage.

23 SEC. 206. (a) The first sentence of subsection (d) of
24 section 8341 of title 5, United States Code, is amended to
25 read as follows: "If an employee or Member dies after com-

1 pleting at least 18 consecutive months of civilian service, the
 2 widow or dependent widower of the employee or Member is
 3 entitled to an annuity equal to 55 percent of an annuity com-
 4 puted under section 8339 (a) - (e) and (h) of this title as
 5 may apply with respect to the employee or Member, except
 6 that in the computation of the annuity under such section,
 7 the annuity of the employee or Member shall be at least the
 8 smaller of (i) 40 percent of his average pay, or (ii) the sum
 9 obtained under such section after increasing his service of the
 10 type last performed by the period elapsing between the date
 11 of death and the date he would have become 60 years of
 12 age."

13 (b) Subsection (e) (1) of such section is amended to
 14 read as follows:

15 "(e) (1) If an employee or Member dies after completing
 16 at least 18 consecutive months of civilian service, or an em-
 17 ployee or Member dies after retiring under this subchapter,
 18 and is survived by a spouse, each surviving child is entitled
 19 to an annuity equal to the smallest of—

20 "(A) 60 percent of the average pay of the employee
 21 or Member divided by the number of children;

22 "(B) \$900; or

23 "(C) \$2,700 divided by the number of children;

24 subject to section 8340 of this title. If the employee or

1 Member is not survived by a spouse, each surviving child
2 is entitled to an annuity equal to the smallest of—

3 “ (i) 75 percent of the average pay of the employee
4 or Member divided by the number of children;

5 “ (ii) \$1,080; or

6 “ (iii) \$3,240 divided by the number of children;
7 subject to section 8340 of this title.”

8 SEC. 207. Section 8345 of title 5, United States Code,
9 is amended by adding at the end thereof the following new
10 subsection:

11 “ (f) An amount, not to exceed \$3,000 each year, which
12 is received by an annuitant or a survivor annuitant under
13 this subchapter and, except for this subsection, which would
14 be included as gross income for purposes of the Federal
15 income tax laws, shall not be included as gross income under
16 such laws.”

17 SEC. 208. (a) The amendments made by sections 201,
18 202, 203, and 206 (a) of this Act shall not apply in the
19 cases of persons retired or otherwise separated prior to the
20 date of enactment of this Act, and the rights of such persons
21 and their survivors shall continue in the same manner and
22 to the same extent as if such sections had not been enacted.

23 (b) The amendments made by section 204 (a) of this
24 Act to section 8340 of title 5, United States Code, shall apply

1 only to annuity increases which become effective under such
2 section 8340 after the date of enactment of this Act.

3 (c) (1) The amendment made by section 206 (b) of this
4 Act shall become effective on the first day of the first month
5 which begins on or after the date of enactment of this Act.

6 (2) The annuity of each surviving child receiving an
7 annuity under section 8341 (c) of title 5, United States Code,
8 or comparable provision of a prior law, immediately prior
9 to the effective date of such amendment shall be recomputed,
10 effective on such date, in accordance with such amendment.
11 No increase allowed and in force prior to such date under
12 section 8340 of such title shall be included in the recomputa-
13 tion of any such annuity, and this paragraph shall not oper-
14 ate to reduce any annuity.

15 (d) The amendment made by section 207 shall apply
16 with respect to amounts received on or after the first day of
17 the first calendar year beginning on or after the date of en-
18 actment of this Act.

Calendar No. 333

91ST CONGRESS
1ST SESSION

S. 2754

[Report No. 91-339]

A BILL

To amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

By Mr. MCGEE, Mr. BOGGS, Mr. BURDICK, Mr. FANNIN, Mr. FONG, Mr. HOLLINGS, Mr. MOSS, Mr. RANDOLPH, Mr. STEVENS, and Mr. YARBOROUGH

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